



2015 - II - 30
Audited
by
Auditel
Auditor General South Africa
Mpumalanga Businesses Unit

General Information

Mayoral committee Executive Mayor Mphumalanga Business Unit	Councillors AK Mathibane SA Manzini M Mahlangu N Janse Van Rensburg J Lekehuleni SE Molobela IT Mokoenane Q Lawrence NM Masimola JM Kock W De Jong VS Magagula MC Massilela PP Chitima S Mashigeo NS Sambo W Phorku MM Mohlala JA Motella AB Rabie PM Mashego L Molekwa LM Molwena MGT Misi Lydenburg Mpumalanga Corner Viljoen & Central Street 1120 Lydenburg Mpumalanga Corner Viljoen & Central Street 1120 Lydenburg Mpumalanga South Africa 1120 Lydenburg Mpumalanga Mphumalanga South Africa 1120 Registered office Chief Financial Officer Accounting Officer Grading of local authority Low Capacity LM Molwena MGT Misi Lydenburg Mpumalanga South Africa 1120 Business address Postal address Bankers Auditors
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Annual Financial Statements for the year ended 30 June 2015
(Registration number MP321)

Tshaba Chweu Local Municipality

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8 - 11	8 - 11	Statement of Comparison of Budget and Actual Amounts									
12 - 35	36 - 75	Capital Replacement Reserve	Development Bank of South Africa	South African Statements of Generally Accepted Accounting Practice	Generally Recognised Accounting Practice	GRAP		GAMAP	Housing Development Fund	IMFO	
COID		Compensation for Occupational Injuries and Diseases									
DBSA		Capital Replacement Reserve	Development Bank of South Africa	South African Statements of Generally Accepted Accounting Practice	Generally Recognised Accounting Practice	GRAP		GAMAP	Housing Development Fund	IMFO	
CR											
SA GAPP											
DBSA											
IAS											
IPSAs											
MES											
MEC											
MFMA											
WIG											
PAYE											
VAT											
UIF											

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Index	2015 - 11 - 31	(Registration number MP321)	Annual Financial Statements for the year ended 30 June 2015	Auditor General South Africa	Mpumalanga Businesses Unit

The annual financial statements set out on pages 4 to 75, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2015 and were signed on its behalf by:

is presented on page 4.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The municipality is wholly dependent on government grants for continued funding of operations. The annual financial statement is prepared on the basis that the municipality is a going concern and that the scale of the financial statements are intended nor the need to liquidate or curtail materially the scale of the municipality.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operation for the foreseeable future.

The accounting officer is at the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable assurance of the accuracy of financial statements. Management is responsible for the preparation of financial statements in accordance with generally accepted accounting principles.

- The accountable officer accountable for the system of internal financial control established by the municipality and place considerable responsibility on maintaining a strong control environment. To enable the accountable officer to meet these responsibilities, the accounting officer sets standards for internal control at reduced risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all respects is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risks across the municipality. While operating risk cannot be fully eliminated, the measures it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predefined procedures and constraints.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable judgments and estimates.

The ambient ultracharitable settlements have been prepared in accordance with Standards or Generally Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

Thaba Chweu Local Municipality
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Audit for the year ended 30 June 2015
(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2015
Auditor General South Africa

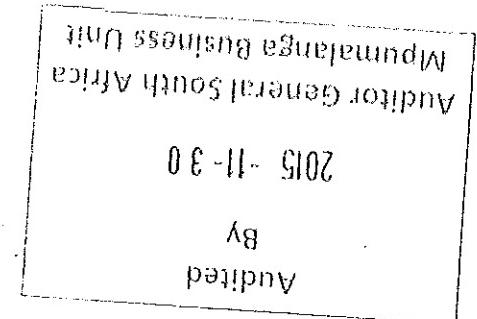
MPUMALANGA DIVISION
Accounting Officer's Responsibilities and Approval

Taha ba Chweu Local Municipality		Statement of Financial Position as at 30 June 2015		Annual Financial Statement for the Year ended 30 June 2015		Figures in Rand	
		Auditor General South Africa		(Registration number MP321)		Restated*	
		Note(s)	2015	2014			
Assets							
Current Assets							
Inventorys	7	2,500,903	3,800,685	8	91,836,152	32,998,104	VAT Receivable
Receivables from non-exchange transactions	8	2,500,903	3,800,685	9	8,990,119	68,764,079	Receivables from non-exchange transactions
Receivables from VAT exchange transactions	10	76,195,075	68,764,588	10	9,580,079	9,580,079	Receivables from VAT exchange transactions
Cash and cash equivalents	11	8,996,986	4,883,380	11	8,996,986	4,883,380	Cash and cash equivalents
Investment property	3	430,783,973	431,500,057	4	2,128,401,604	2,163,377,478	Property, plant and equipment
Intangible assets	5	11,051	123,078	5	11,051	123,078	Intangible assets
Heritable assets	6	165,344	165,343	6	-	1,596,051	Heritable assets
Other financial assets							Other financial assets
Total Assets		2,559,361,972	2,596,762,007	2,747,881,207	2,716,790,843		
Liabilities							
Current Liabilities							
Payables from exchange transactions	14	428,388,483	345,314,023	14	428,388,483	345,314,023	Payables from exchange transactions
Consumer Deposits	15	4,634,933	4,309,157	15	4,634,933	4,309,157	Consumer Deposits
Unspent conditional grants and receipts	12	12,000,001	2,868,002	12	12,000,001	2,868,002	Unspent conditional grants and receipts
Employee benefit obligation	13	16,659,567	16,189,956	13	16,659,567	16,189,956	Employee benefit obligation
Provisions							Provisions
Total Liabilities		491,612,293	394,536,883	491,612,293	394,536,883		
Net Assets		2,256,268,914	2,322,253,960	2,256,268,914	2,322,253,960		
Reserves		(2,329,856,667)	56,229,066	(2,329,856,667)	56,229,066	Reserves	
Accumulated Surplus		4,586,125,581	2,266,024,894	4,586,125,581	2,266,024,894	Accumulated Surplus	
Revaluation Reserve		56,229,066		56,229,066		Revaluation Reserve	
Total Net Assets		2,256,268,914	2,322,253,960	2,256,268,914	2,322,253,960	Total Net Assets	

Audited	By	2015 - II - 30
		Auditors General South Africa Midumalanqa Bluffhills Unit

STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2015		
Figures in Rand	Note(s)	2014
REVENUE		
Revenue from exchange transactions		
Service charges	18	159,656,189 158,071,420
Rental of facilities and equipment	16	2,660,946 2,208,802
Income from agency services	20	26,049,886 26,491,672
Other income	28	28,648,993 16,183,049
Interest received - investment	20	260,384
Total revenue from exchange transactions		217,016,014 203,215,327
Revenue from non-exchange transactions		
Taxation revenue	17	102,028,601 34,080,703
Property rates	19	142,573,756 133,602,558
Government grants & subsidies	248,395,331	168,483,034
Total revenue from non-exchange transactions		465,411,345 371,698,361
EXPENDITURE		
Employee Related Costs	22	(117,617,658) (109,417,840)
Remuneration of Councillors	23	(8,883,956) (7,428,187)
Depreciation and Amortisation	27	(86,129,571) (89,328,857)
Finance Costs	28	(650,657) (994,568)
Debt Impairment	24	(21,196,068) (23,681,158)
Repairs and Maintenance	32	(18,214,796) (115,401,687)
Bulk Purchases	31	(54,002,276) (48,324,536)
Contracted Services	21	(50,501,211) (60,976,910)
General Expenses		(524,118,663) (493,474,111)
Total Expenditure		(58,707,318) (121,775,750)
Operating deficit	26	- 147,470,477
Fair value adjustments		(58,707,318) 25,694,727
Surplus (deficit) for the year		(58,707,318) 25,694,727

Statement Of Changes in Net Assets as at 30 June 2015			
Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 July 2013	- 2,240,330,167	2,240,330,167	
Changes in net assets for the year	- 25,694,727	25,694,727	
Restated* Balance at 01 July 2014	56,229,066	4,644,832,899	4,701,061,985
Changes in net assets for the year	- (58,707,318)	(58,707,318)	
Total changes	- (58,707,318)	(58,707,318)	
Surplus for the year	- (58,707,318)	(58,707,318)	
Restated* Balance at 01 July 2014	56,229,066	4,644,832,899	4,701,061,985
Changes in net assets for the year	- (58,707,318)	(58,707,318)	
Total changes	- (58,707,318)	(58,707,318)	
Surplus for the year	- (58,707,318)	(58,707,318)	
Total changes	- (58,707,318)	(58,707,318)	
Balance at 30 June 2015	56,229,066	4,586,125,581	4,642,354,647



Annual Financial Statements for the year ended 30 June 2015
(Registration number M321)

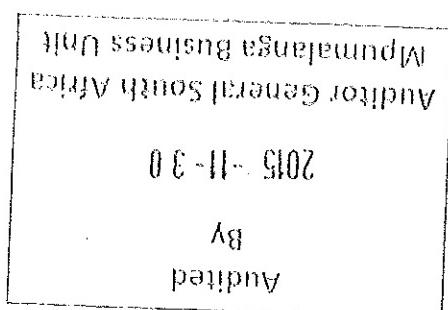
Tshaba Chweu Local Municipality

Cashflow Statement as at 30 June 2015

Annual Financial Statement for the year ended 30 June 2015
(Registration number MP321)

Thaba Chweu Local Municipality

		Cash flows from operating activities	
RECEIPTS			
Value Added Tax	888,871	6,664,834	464,969,974
Sale of goods	251,904,668	117,839,248	151,705,755
Grants	133,602,558	-	1,111,928
Interest income	59,648,088	34,082,387	Fines
Rendering of services	822,592	799,773	
Employee costs	(121,538,642)	(116,846,027)	
Suppliers	(274,592,124)	(97,232,096)	
Finance costs	(14,631,330)	(23,681,158)	
Net cash flows from operating activities	33	54,207,878	56,341,447
PAYMENTS			
Value Added Tax	888,871	6,664,834	464,969,974
Sale of goods	251,904,668	117,839,248	151,705,755
Grants	133,602,558	-	1,111,928
Interest income	59,648,088	34,082,387	Fines
Rendering of services	822,592	799,773	
Employee costs	(121,538,642)	(116,846,027)	
Suppliers	(274,592,124)	(97,232,096)	
Finance costs	(14,631,330)	(23,681,158)	
Net cash flows from investing activities	33	54,207,878	56,341,447
Cash flows from financing activities			
Purchase of property, plant and equipment	4	(51,692,223)	(51,822,759)
Proceeds from sale of financial assets	1,596,051	8,567,322	
Net increase/(decrease) in cash and cash equivalents	4,111,606	3,911,029	4,174,981
Movement in other liability	-	-	(9,174,981)
Cash and cash equivalents at the end of the year	11	8,996,986	4,885,380



Statement of Comparison of Budget and Actual Amounts during Budgeting Unit						
Budget on Accrual Basis		Approved		Budget Figures in Rand		
Registration number MP321	Annual Financial Statements for the year ended 30 June 2015	Final Budget	Adjusted Budget	Actual amounts	Difference	Reference
Revenue	Revenue of Financial Performance	192,051,000	(3,850,000)	188,201,000	159,656,189	(28,541,811) Note: 42.1
Service charges	Rental of facilities and equipment	1,805,662	593,831	2,399,493	2,660,946	261,453 Note: 42.1
Transactions exchange	Revenue from exchange transactions	192,051,000	(3,850,000)	188,201,000	159,656,189	(28,541,811) Note: 42.1
Revenue	Revenue from exchange	192,051,000	(3,850,000)	188,201,000	159,656,189	(28,541,811) Note: 42.1
Service fees	Rental of facilities and equipment	1,805,662	593,831	2,399,493	2,660,946	261,453 Note: 42.1
Transactions	Revenue from exchange transactions	192,051,000	(3,850,000)	188,201,000	159,656,189	(28,541,811) Note: 42.1
Income from agency services	Income from agency services	23,450,886	(10,312,780)	13,138,106	26,049,886	12,911,780 Note: 42.2
Other income	Interest Received: Outstanding	1,852,000	(645,000)	1,207,000	17,315,962	16,108,962 Note: 42.3
Debtors	Interest Received: Outstanding	5,197,929	2,970,843	8,168,772	10,152,643	1,983,871 Note: 42.3
Taxation revenue	Government grants & subsidies	60,329,000	51,857,000	112,186,000	102,028,601	(10,157,399) Note: 42.4
Proprietary rates	Proprietary rates	60,329,000	51,857,000	112,186,000	102,028,601	(10,157,399) Note: 42.4
Taxation revenue	Government grants & subsidies	140,680,000	(100,680,000)	139,680,000	142,573,756	2,993,756 Note: 42.5
Transfer revenue	Transfer revenue	1,495,164	(200,772)	1,294,392	3,792,974	2,498,582 Note: 42.6
Fines	Total revenue from non-exchange transactions	202,504,164	50,656,228	253,160,392	248,395,331	(4,765,061)
Impairment loss	Total revenue from non-exchange transactions	428,361,641	38,251,640	466,613,281	464,914,639	(1,698,642)
Depreciation and amortisation	Depreciation and amortisation	(44,187,172)	-	(44,187,172)	(86,129,571)	(41,942,399) Note: 42.8
Remuneration of councillors	Remuneration of councillors	(8,538,709)	(109,880,414)	(117,617,658)	(7,737,244)	Note: 42.7
Expenditure	Expenditure	(101,341,705)	(8,538,709)	(109,880,414)	(117,617,658)	(7,737,244) Note: 42.7
Personnel	Personnel	(8,166,519)	231,480	(7,935,039)	(8,883,956)	(948,917)
Remuneration of councillors	Remuneration of councillors	(8,166,519)	231,480	(7,935,039)	(8,883,956)	(948,917)
Depreciation and maintenance	Depreciation and maintenance	(2,000,000)	-	(2,000,000)	(21,105,023)	(35,901,194) Note: 42.9
Finance costs	Finance costs	-	-	-	(650,657)	(650,657)
Impairment losses	Impairment losses	-	-	-	(35,901,194)	(35,901,194) Note: 42.9
Repairs and maintenance	Repairs and maintenance	(15,865,071)	(5,239,952)	(21,105,023)	(18,241,796)	2,890,227 Note: 42.10
Bulk purchases	Bulk purchases	(172,896,000)	(21,339,871)	(151,556,129)	(131,021,276)	20,534,853 Note: 42.11
Contracted Services	Contracted Services	(47,292,507)	8,354,695	(38,937,812)	(54,002,276)	(15,064,464) Note: 42.12
Intrest Expenses	Intrest Expenses	(600,000)	(26,405,284)	(45,005,284)	(61,261,479)	(16,055,237) Note: 42.12
General Expenses	General Expenses	(29,917,330)	(15,288,912)	(45,206,242)	(61,261,479)	(16,055,237) Note: 42.12
Grants and Subsidies Paid	Grants and Subsidies Paid	(5,549,230)	(2,579,565)	(8,128,795)	-	8,128,795
Actual Amount on Comparable Basis	Actual Amount on Comparable Basis	546,107	10,125,264	10,671,371	(69,964,292)	(80,635,663)
Debit before taxation	Debit before taxation	546,107	10,125,264	10,671,371	(69,964,292)	(80,635,663)
Comparative Statement	Comparative Statement	Basis as Presented in the Budget and Actual				

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position

Current Assets	Inventory Assets
12,562,000	(8,762,000)
3,800,000	2,500,903
	(1,299,097)

Assets

VAT receivable	-	8,990,119	8,990,119
Transactions	-	-	-
Consumer debtors	131,225,000	(20,328,000)	110,897,000
Cash and cash equivalents	20,175,000	(15,291,000)	4,884,000
Total	163,962,000	(44,381,000)	119,581,000

Investment Property 328,778,000 328,778,000 430,783,973 102,005,973

Liaibilities

Current Liabilities	Payables from exchange transactions	402,519,000	(54,337,000)	348,182,000	428,388,478	80,206,478
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Employee benefit obligation

Receipts from provisions and supplies of contraband goods and bribes	24,640,000	(8,451,000)	16,189,000	532,000	16,659,567	470,567	Borrowings 532,000	532,000	(532,000)
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431,580,000 (62,368,000) 369,212,000 491,612,288 122,400,288

Non-Current Liabilities						
Non-Current Borrowings	8,559,000	(8,559,000)	-	-	-	
Provisions	1,266,000	24,589,000	25,855,000	(25,855,000)	-	

Total Liabilities 441,405,000 (46,338,000) 395,067,000 491,612,288 96,545,288

Net Assets	734,140,000	373,899,000	1,108,039,000	2,256,268,919	1,148,229,919	Net Assets
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Net Assets Attributable to Owners of Controlling Entity

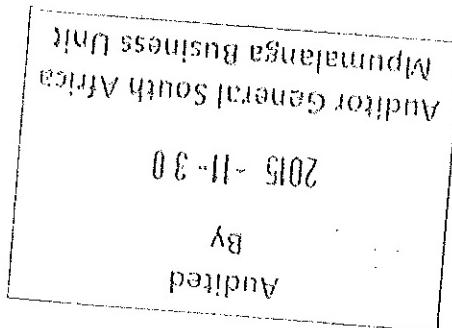
Reserves	734,140,000	(734,140,000)	-	1,108,039,000	1,108,039,000	(2,224,474,433)	734,140,000	(734,140,000)	-	1,108,039,000	1,108,039,000	(2,224,474,433)	Accumulated surplus
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Statement of Comparison of Budget and Actual Amounts

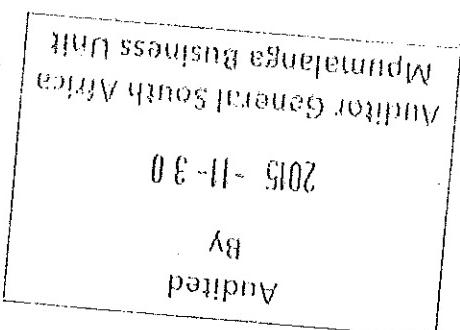
Annual Financial Statements for the Year ended 30 June 2015
(Registration number MP321)

Tshaba Chweu Local Municipality

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts	Difference	Reference	Figures in Rand
Total Net Assets	734,140,000	373,899,000	1,108,039,000	2,256,268,919	1,148,229,919		



Statement of Comparison of Budget and Actual Amounts						
Budget on Accrual Basis	Approved	Adjustments	Final Budget	Actual Amounts	Difference	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities	263,533,000	(62,270,000)	201,263,000	313,281,235	112,018,235	Ratetakers and other
Grants	140,680,000	(1,000,000)	139,680,000	133,705,755	12,025,755	Interest income
Receipts	6,698,000	6,698,000	13,396,000	-	(13,396,000)	Supplier and employee costs
Payments	(381,003,000)	26,580,000	(354,423,000)	(396,130,766)	(41,707,766)	Finance Costs
Activity fees	29,308,000	(52,139,000)	(22,831,000)	54,224,894	77,055,894	Net cash flows from operating activities
Equipment	(381,603,000)	4,433,000	(377,170,000)	(410,762,096)	(33,592,096)	Purchase of property, plant and equipment
Cash flows from investing activities	(46,004,000)	(46,004,000)	(5,678,900)	(51,682,900)	-	Cash flows from investing activities
Assets	-	-	1,596,051	1,596,051	-	Proceeds from sale of financial assets
Equipment	-	-	1,596,051	1,596,051	-	Net increase/(decrease) in cash and cash equivalents
the end of the Year	(16,696,000)	(56,221,849)	(72,917,849)	4,138,045	77,055,894	Cash and cash equivalents at
Mpumalanga Business Unit	Auditior General South Africa	Audited	2015 - II - 30	By		
Thaba Chweu Local Municipality	Annual Financial Statement for the year ended 30 June 2015 (Registration number MP321)					



Mpumalanga Business Unit
Auditor General South Africa
2015 - 11- 30
By
Audited

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. All values have been rounded to the nearest Rand.

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003). Standards of Generally Recognised Accounting Practice unless specified otherwise. These Annual Financial Statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act (Act 56 of 2003).

1. Basis of accounting

Accounting Policies

Annual Financial Statements for the year ended 30 June 2015
(Registration number MP321)

Tshaba Chweu Local Municipality

in preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and available information and the application of judgment is inherent in the preparation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

1.2 Significant judgments and sources of estimation uncertainty

Minority interests in the surplus or deficit of the economic entity is separately disclosed.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation. Minority interests in the net assets of the municipality are identified and recognised separately from the controlling entity's interest thereon, and are recognised within net assets. Losses applicable to the minority interest in a consolidated entity may exceed the minority interest in the controlled entity's net assets. The excess, and any further losses applicable to the minority interest within the controlled entity, are allocated against the majority interest to cover the losses. If the controlled entity has a binding obligation to, and is able to, make an additional investment to cover the losses, it is controlled entity.

Minority interests in the net assets of the municipality are identified and recognised separately from the controlling entity's interest thereon, and are recognised within net assets. Losses applicable to the minority interest in a consolidated entity may exceed the minority interest in the controlled entity's net assets. The excess, and any further losses applicable to the minority interest within the controlled entity, are allocated against the majority interest to cover the losses. If the controlled entity has a

binding obligation to, and is able to, make an additional investment to cover the losses, it is controlled entity.

Adjustments are made when necessary to the annual financial statements of the controlled entities to bring their accounts in line with those of the controlling entity. When the annual financial statements of a controlled entity used in the preparation of financial statements are prepared as of a reporting date different from that date and the date of the controlled entity's annual financial statements or events that occur between the reporting date of the controlled entity and that of the controlled entity, in any case, the difference between the date of the controlled entity's annual financial statements or events that occur between the reporting date and the date of the controlled entity's annual financial statements are of significant transactions or events that occur from the reporting date to period, the reporting date of the controlled entity shall be no more than three months. The length of the reporting periods and any difference in the reporting dates is the same from period to period.

The annual financial statements of the controlling entity and its controlled entities used in the preparation of financial statements are prepared as of the same reporting date.

When the reporting dates of the controlling entity and a controlled entity are different, the controlled entity prepares, consolidates annual financial purposes, additional annual financial statements as of the same date as the controlling entity unless it is impracticable to do so. When the annual financial statements of a controlled entity used in the preparation of financial statements are prepared as of a reporting date different from that date and the date of the controlled entity's annual financial statements, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The carrying amount of the investment at the date that the entity ceases to be a controlled entity is accounted for as such. The fair value on initial recognition of a financial asset in accordance with the Standards of GRAP on financial instruments.

The consolidated annual financial statements of the controlling entity and its controlled entities used in the preparation of financial statements are prepared as of the same reporting date.

Consolidated annual financial statements of the controlling entity and its controlled entities used in the preparation of financial statements are the effective date of disposal or date when control ceases. The

date that it ceases to be a controlled entity, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The carrying amount of a financial asset in accordance with the Standards of GRAP on financial instruments.

Consolidated annual financial statements are the annual financial statements of the municipality presented as those of a single entity.

Basis of consolidation

1.1 Consolidation

Accounting Policies

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No future economic benefits or service potential are expected from its disposal. Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and

using the cost model in accordance with the accounting policy on Property, plant and equipment. If this is not the case, the property is accounted for complete, it is presumed that fair value can be measured reliably. Once construction of that part has been measured at cost, it measures that property at its fair value. Once construction of that part has previously been measured at cost, the fair value of an investment property under construction that has

entity becomes able to measure reliably the fair value of an investment property under construction that has policy on Property, plant and equipment) until disposal of the investment property. The entity applies the cost model (as per the accounting value of the investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual investment property under construction is not reliably determinable on a continuing basis, the entity measures that investment property under construction that the fair value of an investment property (other than an incomplete (whichever is earlier). If the entity determines that the fair value of an investment property is complete (whichever is earlier) to be reliably measurable either its fair value when construction is complete, it measures that expects the fair value of the property to be reliably measurable when construction is not reliable but

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

The fair value of investment property reflects market conditions at the reporting date.

Subsequent to initial measurement investment property is measured at fair value.

Fair value

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Investment property can be measured reliably.

Investment property is associated with the investment property will flow to the municipality, and the cost or fair value of the that are associated with the investment property will flow to the municipality, and the cost or fair value of the

1.3 Investment property
Initial recognition

The municipality used the prime interest rate to discount future cash flows.

Effective interest rate

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Provisions

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Impairment testing

An allowance for stock to write down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Allownance for slow moving, damaged and obsolete stock

1.2 Significant judgements and sources of estimation uncertainty (continued)

Accounting Policies

Annual Financial Statements for the year ended 30 June 2015

Audit Trail

Business Unit

Municipal Business Unit

(Registration number MP321)

Thaba Chweu Local Municipality
2015 - 2016

Item	Average useful life	Indefinite	Buildings	Built-up areas	Motor vehicles	Furniture and fixtures	Land	Items
	5 - 15 years	4 - 20 years	5 - 15 years	5 - 50 years	5 - 15 years	4 - 20 years	5 - 15 years	Office equipment

The useful lives of items of property, plant and equipment have been assessed as follows:

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives.

Where the municipality replaces parts of an asset, it depreciates the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefit associated with the asset.

Land is not depreciated as it is deemed to have an indefinite useful life.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Subsequent measurement - Cost Model

Major spare parts and servicing equipment qualify as property, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in up.

The Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

1.4 Property, plant and equipment

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, are as follows:

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

Gains arising from the disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surpluses or deficits when the compensation becomes receivable.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surpluses or deficits in the period of retirement or disposal.

1.3 Investment property (continued)

Accounting Policies

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The impairment loss is charged to the Statement of Financial Performance, it is written down immediately to its recoverable amount (or recoverable service amount), where the carrying amount of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

The amortisation period and the averaging method for calculating the asset value at the reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Amortisation is charged so as to write off the cost or value of intangible assets over their estimated useful lives using the straight-line method.

Amortisation and impairment

intangible assets are subsequently carried back to cost less accumulated depreciation and impairment losses, the cost of an asset is amortised over the useful life of the asset. Where the useful life is finite, where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Subsequent Measurement - Cost Model

wherein the intangible asset is acquired in exchange for a non-monetary asset or services, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost), if the acquired items' fair value was not determinable, its deemed cost is the carrying amount of the asset given up.

Infrangible assets are initially recognised at cost.

- the municipality intends to complete the integrated asset for sale;
 - it is technically feasible to complete the integrated asset for sale;
 - it is technically feasible to complete the integrated asset for use or sale;
 - the municipality has the resources to complete the Project; and
 - it is probable that the municipality will receive future economic benefits.

An intangible asset is an intangible asset that measures the cost or fair value of the asset can be measured reliably.

1.5 Intangible assets

Computer equipment	Property, plant and equipment (continued)
5 - 15 years	Computer equipment
3 - 100 years	Infrastructure assets
5 - 50 years	Community assets
5 - 50 years	Plant and equipment
5-15 years	Investment property
Indefinite	Heritage

Thabab Chweu Local Municipality
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- A financial asset is:
- a contractual right to receive cash or another financial asset from another entity; or
 - a financial asset that is a debt instrument.
- For a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.
- A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.
- A financial liability is any liability that is a contractual obligation to:
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity;
 - deliver cash or another financial asset to another entity; or
 - incur a risk that is the risk encountered by an entity in the event of difficulty in meeting obligations associated with changes in market prices.
- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.
- Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes caused by factors other than those arising from its issuer, or factors affecting all similar financial instruments traded in the market.
- Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes caused by factors specific to the individual financial instrument or its issuer, or factors affecting those changes as formal designation of an entity's net assets, either before the contribution occurs or at the time of the transaction as forming part of an entity's assets, or a transfer of resources (or a class of such transfers) by the parties to the transaction as formal designation of a similar form of unitised capital.
- A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar interests in the assets of an entity after deducting all of its liabilities.
 - a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as formal designation of an entity's net assets, either before the contribution occurs or at the time of the transaction as forming part of an entity's assets, or a transfer of resources (or a class of such transfers) by the parties to the transaction as formal designation of a similar form of unitised capital.
 - assets or financial instruments at amortised cost that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.
 - the entity designates at fair value at initial recognition; or
 - are held for trading.
- Financial instruments at amortised cost are non-derivative financial assets or non-financial liabilities that have issued or disposed of the financial liability. An increase in the cost of a financial instrument, issued or disposed of, reflects in the net assets of an entity.
- Transaction costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability are incurred costs that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

4.6 Financial instruments (continued)

Thaba Chweu Local Municipality Annual General Statement for the year ended 30 June 2015 (Registration number MP321)	MPumalanga Business Unit Accounting Policies
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Classification		The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:	
Class	Category	Financial asset measured at amortised cost	Financial asset measured at fair value
Loans1	Financial liability measured at amortised cost	Financial asset measured at amortised cost	Other receivables
Loans2	Financial liability measured at amortised cost	Financial asset measured at amortised cost	Other receivables
Loans3	Financial asset measured at amortised cost	Financial asset measured at amortised cost	Other receivables
Class	Category	Financial asset measured at amortised cost	Other financial assets
Class	Category	Financial asset measured at fair value	Other financial assets
Class	Category	Financial liability measured at fair value	Other financial liabilities
Class	Category	Financial liability measured at fair value	Other financial liabilities
Class	Category	Financial liability measured at fair value	Other financial liabilities
Class	Category	Financial liability measured at fair value	Other financial liabilities
Class	Category	Financial liability measured at fair value	Other financial liabilities
Class	Category	Financial liability measured at fair value	Other financial liabilities
Class	Category	Financial liability measured at fair value	Other financial liabilities
Class	Category	Financial liability measured at fair value	Other financial liabilities
Initial recognition	The entity recognises financial assets using trade date accounting.		
	The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.		

1.6 Financial instruments (continued)
Thaba Chweu Local Municipality Registration number MP321 Annual Financial Statements for the year ended 30 June 2015 Auditor General South Africa Multi-Agency Business Unit Accounting Policies

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Lease is classified as an operating lease if it transfers substantially all the risks and rewards incidental to ownership.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

1.7 Leases

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is reversed.

If there is objective evidence that an impairment loss has been incurred on a financial asset in a residual interest that is measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Financial assets measured at cost:

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The amount of the reversal is recognised in surplus or deficit. OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Financial assets measured at amortised cost:

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Impairment and uncollectibility of financial assets

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

- Financial instruments at cost.
- Financial instruments at amortised cost.
- Financial instruments at fair value.

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

Subsequent measurement of financial assets and financial liabilities

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements and analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions
- statements, where it is the issuer of the loan; or
- (Taxes and Transfers), where it is the recipient of the loan.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity values [if subsequently measured at fair value].

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Initial measurement of financial assets and financial liabilities

1.6 Financial instruments (continued)

Tshaba Chweu Local Municipality (Registration number MP321)	Annual Financial Statement for the year ended 30 June 2015	Accounting Policies
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1.7 Leases (continued)	
1.7.1 Finance leases - lessor	<p>The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.</p> <p>Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.</p> <p>Finance leases are recorded as assets and liabilities in the statement of financial position. The fair value of the lease is included in the statement of financial position as a finance lease obligation.</p> <p>The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.</p> <p>Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the lease.</p> <p>Any contingent rents are expensed in the period in which they are incurred.</p> <p>Operating leases - lessor</p> <p>Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on a straight-line basis.</p> <p>The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.</p> <p>The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.</p> <p>Income for leases is disclosed under revenue from exchange transactions in statement of financial performance.</p> <p>Operating leases - lessee</p> <p>Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on a straight-line basis.</p> <p>The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.</p> <p>The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.</p> <p>Operating leases - lessee - lessor</p> <p>Between the amounts recognised as an expense and the contractual payments are recognised as an operating asset or liability.</p> <p>Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.</p> <p>Subsequently inventories are measured at the lower of cost and net realisable value.</p> <p>Inventories are measured at the lower of cost and current replacement cost where they are held for:</p> <ul style="list-style-type: none"> • distribution at no charge or for a nominal charge; or • consumption in the production process of goods to be distributed at no charge or for a nominal charge. <p>Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.</p> <p>Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.</p>
1.8 Inventories	<p>Inventories are initially measured at the lower of cost and net realisable value.</p> <p>Inventories are measured at the lower of cost and current replacement cost where they are held for:</p> <ul style="list-style-type: none"> • distribution at no charge or for a nominal charge; or • consumption in the production process of goods to be distributed at no charge or for a nominal charge. <p>Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.</p> <p>Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.</p>

Tshaba Chweu Local Municipality	Accounting Policies
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Fy	Fy

1.8 Inventories (continued)	
Annual Financial Statements for the year ended 30 June 2015 (Registration number MP321)	Accounting Policies
Tshaba Chweu Local Municipality	
2015 - [] - []	Municipal Business Unit
The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.	
The cost of specific projects is assigned using specific identifiable cost formula. The same cost formula is used for all specific projects that are not ordinarily interchangeable and goods or services produced and segregated	
Inventories having a similar nature and use to the municipality.	
When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period of loss occurs. The amount of any write-down of inventories, arising from an increase in net realisable value of current replacement cost, are recognised as a reduction of any write-down of inventories in the period in which it occurs. The amount of any write-down of inventories that adopts a profit-oriented entity, it generates a commercial return.	
Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-oriented entity, it generates a commercial return.	
Non-cash-generating assets are assets other than cash-generating assets.	
Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic accumulation of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).	
Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.	
A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.	
Accumulated depreciation is the amount at which an asset is recognised in the statement of financial position after deducting any income tax expense.	
Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.	
Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.	
Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable parties, less the costs of disposal.	
Fair value less costs to sell is the amount obtained from the disposal of the depreciated amount of an asset over its useful life.	
Useful life is either:	
(a) the period of time over which an asset is expected to be used by the municipality; or	
(b) the number of products or similar units expected to be obtained from the asset by the municipality.	
Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follows: [Specify criteria]	

Thaba Chweu Local Municipality	2015 - [] - []	Annual General South Africa Auditor General South Africa Audit Report Location and Condition.	Accounting Policies
(Registration number MP321)	Annual Financial Statements for the year ended 30 June 2015	Municipal Business Unit	

Depreciated replacement cost approach	The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost of an asset is the cost to replace the asset, less its service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through replacement (replication) or the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the replacement or replication cost of the asset, whichever is lower, less accumulated depreciation (replication) of the existing asset in its used condition. An asset's gross service potential is calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
Recovery of assets	If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. If the recoverable service amount of a non-cash-generating asset is greater than its carrying amount, the carrying amount of the asset is increased to its recoverable amount. This increase is an impairment gain.
Recognition and measurement	Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease. An impairment loss is recognised immediately in surplus or deficit.
Impairment losses	When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that it is a requirement in the Standards of GRAP.
Reversal of impairment losses	After the recognition of an impairment loss, the depreciation asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

When the carrying amount of a non-cash-generating asset exceeds its recoverable amount, it is impaired.

Identification

1.9 Impairment of non-cash-generating assets (continued)

<p>Ihabda Chweu Local Municipality (Registration number MP321)</p> <p>Annual Financial Statements for the year ended 30 June 2015</p> <p>Auditor General South Africa</p> <p>Mpumalanga Business Unit</p>	<p>Accounting Policies</p>
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- A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practices accept certain responsibilities or a sufficient specificity current statement, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.
- Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not conditional on future employment.
- Vested employee benefits are employee benefits that are not conditional on future employment.
- Other long-term employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.
- Benefits that are not due to be settled within twelve months after the end of the period in which the employees render benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.
- an employee's decision to accept voluntary redundancy in exchange for those benefits; or
 - an entity's decision to terminate an employee's employment before the normal retirement date; or
 - an employee's decision to report to the reporting entity to reimburse it for employee benefits already paid.
- Termination benefits are payable as a result of either:
- the proceeds are returned to the reporting entity to meet all the related employee benefit obligations; or
 - the proceeds represent surplus assets that are not needed for the policy to meet all the related employee (even in liquidation) and cannot be paid to the reporting entity, unless either:
- Standard of GRAP on Related Party Disclosures of the reporting entity, if the proceeds of the policy can be used only to pay or fund defined benefit plan and are not available to the reporting entity's own creditors.
- A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the standard of GRAP on Related Party Disclosures) of the reporting entity, unless either:
- Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

1.10 Employee benefits

- After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.
- Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.
- A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.
- The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss recognised in prior periods. The increased carrying amount of an asset attributable to a reversal of an impairment loss exceeds the carrying amount of the asset in its increased carrying amount since the last impairment loss was recognised. The estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised in an impairment loss recognise the recoverable service amount of that asset.
- The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the reversal of an impairment loss of non-cash-generating assets (continued)

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short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensationable absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period;
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees;
- bonuses, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service;
- amounts of short-term employee benefits expected to be paid in exchange for that service;
- as a liability (accrued expense), after deducting any amount already paid, if the amount already paid exceeds the undiscounted amount of the benefit will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensation absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligations can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.10 Employee benefits (continued)

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1.10 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are Post-employment benefit plans other than defined contribution plans.

Actual gains and losses experience difference adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they

For more information about the study, please contact Dr. Michael J. Hwang at (310) 206-6500 or via email at mhwang@ucla.edu.

- Assets held by a long-term employee benefit fund are assets (other than non-transferrable intangible assets) issued by the reporting entity that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to pay or fund another entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:
 - the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity, or
 - the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Interest cost is the increase during a period closer to settlement.

Plan assets comprise assets held by a long-term employee benefit fund and qualified insurance policies.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from plan assets, together with gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any taxable by the plan itself.

The entity accounts for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices, normal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employees benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

- The amount recognized as a defined benefit liability is the net total of the following amounts:
 - the present value of the defined benefit obligation at the reporting date;
 - minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
 - plus any liability that may arise as a result of a minimum funding requirement at the lower of:
 - the amount determined above; and
 - the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

- The entity determines the present value of its defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.
- Any adjustments arising from the limit above is recognised in surplus or deficit.
- 1.10 Employee benefits (continued)**
- | | | | |
|--|----------------|---|---|
| Tshaba Chweu Local Municipality
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|--|----------------|---|---|
- The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another standard requires or permits their inclusion in the cost of an asset:
- the effect of any curtailments or settlements or assets;
 - current service costs;
 - immediate costs;
 - the expected return on any plan assets and on any remuneration rights;
 - actuarial gains and losses;
 - past service costs;
 - the effect of any curtailments or settlements; and
 - the effect of applying the limit on a defined benefit asset (negative defined benefit liability).
- The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final service ascription.
- In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:
- the date when further service by the employee will lead to no material amount of further benefits under the conditions on further service); until
 - the date when service by the employee first leads to benefits under the plan (whether or not the benefits are market prices and interest rates) up to the reporting date.
- Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.
- The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:
 - any resulting change in the fair value of the defined benefit obligation; and
 - any resulting change in the present value of the defined benefit plan assets.
- Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market rates and other current market values or all other respects), the right to remunerate is recognised as a separate asset. The asset is measured at fair value. When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit plan is [OR is not] presented as the net of the amount recognised for a remuneration.
- The entity offsets an asset relating to one plan against a surplus in one plan to settle obligations under the other plan and settle its obligation under the other plan and either to settle the other plan simultaneously.

		Provisions are not recognised for future operating deficits.
		A provision is used only for expenditures for which the provision was originally recognised.
		This increase is recognised as an interest expense.
		Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time.
		to settle the obligation.
		If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if the remuneration does not exceed the amount of the provision.
		Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the remuneration is recognised when, virtually, certain that reimbursement will be received if the municipality settles the obligation. The amount recognised for the reimbursement is set off against the amount of the provision.
		The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks expected to be required to settle the obligation.
		Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures obligation at the reporting date.
		The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.
		• the municipality has a present obligation as a result of a past event;
		• it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
		• a reliable estimate can be made of the obligation.
		Provisions are recognised when:

1.11 Provisions and contingencies

	both inflation and specific changes in medical costs.
	Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from
	past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.
	those changes were enacted before the reporting date; or
	benefit plan, if, and only if, either:
	estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit terms at the reporting date; and
	the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond
	estimated future salary increases);

	the current and estimated term of the post-employment benefit obligation.
	The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The current and estimated term of the financial instrument selected to reflect the time value of money is consistent with

	Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.
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Actuarial assumptions are unbiased and mutually comparable.

Actuarial assumptions

1.10 Employee benefits (continued)

Accounting Policies	Mpumalanga Business Unit	General Auditor South Africa	Thaba Chweu Local Municipality
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1.1 Provisions and contingencies (continued)	
Tshaba Chweu Local Municipality	Accounting Policies
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If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.	Subsequent changes in the measurement of provisions relating to rehabilitation of landfill sites as a result of change in value of the liability will be recognised in the statement of financial performance.
For a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder.	For a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or financial guarantee contract is a provision for financial instruments when it is probable that an outflow of resources is probable in relation to financial guarantees requires judgement.
Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.	The municipal liability recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources that an outflow of resources may be probable are:
Modifiable terms of a debt instrument.	Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement.
A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder.	The municipal liability recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources emboldening economic circumstances (e.g. high interest rates, inflation and unemployment) that affect the ability of entities to repay their obligations.
Debtors or delinquencies in interest and capital repayments by the debtor;	Debtors or delinquencies in interest and capital repayments by the debtor; the ability of the debtor to settle its obligation on the amended terms; and a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that affect the ability of entities to repay their obligations.
Financial difficulty of the debtor;	Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:
Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan	the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent asset; and the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in
Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable parties in an arm's length transaction.
An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.	Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.
Measurement	

Tshaba Chweu Local Municipality	
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MPumalanga Business Unit	Auditor General South Africa

1.12 Revenue from exchange transactions (continued)	
Sale of goods	
Revenue from the sale of goods is recognised when all the following conditions have been satisfied:	<ul style="list-style-type: none"> the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods; the municipality neither controls nor effectively manages the general involvement to the degree usually associated with ownership; the amount of revenue can be measured reliably; it is probable that the transaction can be estimated reliably at the stage of completion of the transaction when all the following conditions are satisfied: the transaction is recognised by reference to the stage of completion of the transaction of services can be estimated reliably, revenue associated with the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. <p>When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognised from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:</p> <ul style="list-style-type: none"> interest, royalties and dividends service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by <p>Service revenue is recognised only to the extent of the expenses recognised that are recoverable.</p> <p>When services are performed by an indefinite number of acts over a specific time frame, revenue is recognised only to the extent of the expenses recognised that are recoverable.</p> <p>When services are performed until the significant act is executed.</p> <p>When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.</p> <p>When the outcome of a transaction can be estimated reliably at the reporting date can be measured reliably; and</p> <ul style="list-style-type: none"> the stage of completion of the transaction at the reporting date can be measured reliably; the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. <p>Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised as they are earned in accordance with the substance of the relevant agreements.</p> <p>Royalties are recognised as revenue is recognised, in surplus or deficit, using the effective interest rate method.</p> <p>Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.</p> <p>Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.</p> <p>Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.</p> <p>Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential must be returned to the transferor.</p>
1.13 Revenue from non-exchange transactions	<p>Revenue fees from non-exchange transactions that specify that the future economic benefits or service potential must be returned to the transferor.</p>

Accounting Policies	
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1.13 Revenue from non-exchange transactions (continued)	
Revenue from non-exchange transactions	Revenue from non-exchange transactions
Taxes	The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.
Resoures	Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of past events (the taxable event) and expects to receive future economic benefits or service potential from those resources.
Resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.	The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.
Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of the taxable event for property tax is the undertaking of taxable activity during the taxation period by the taxpayer.	The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.
Levied, if the tax is levied on a periodic basis.	The taxable event for property tax is the date on which the tax is levied, or the period for which the tax is levied.
Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.	The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.
Transfers	Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset.
Transferred assets are measured at their fair value as at the date of acquisition.	The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.
Debt forgiveness and assumption of liabilities	The municipality recognises revenue in respect of debt forgiveness when the debt forgivness is measured at the carrying amount of debt forgiven.
Fines	Fines are received as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.
Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.	Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.
Debts	Debts that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

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1.13 Revenue from non-exchange transactions (continued)

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits of service potential will flow to the municipality and the fair value of the assets can be measured

Gifts and donations, including goods in-kind

Services in-kind

Services in-kind are recognised as revenue and as assets.

Concessional loans received

A **concessional loan** is a loan granted to or received by an municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for under the Standard of GRAP as Financial Instruments. The off-market portion of the loan is a non-

discoun ted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of

the loan agreement.

4.4 Investment income

Investments in income is recognized on a time-proportion basis using the effective interest method.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of

Eligible borrowing costs for capitalisation is determined as follows:

purpose of obtaining a quality management asset.

Weighed average of the borrowing costs applicable to the individual assets or groups of assets for which the borrowing costs are capitalized.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenses for the asset have been incurred;
 - borrowing costs have been incurred; and
 - activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount of the expected ultimate cost of the liability exceeds its recoverable amount or when the carrying amount of the asset exceeds its recoverable amount or the asset is written down, the difference is written off as a loss.

Extended periods is periods that exceeds X months.

Captalization Cases When substantially all the activities necessary to prepare the qualitying asset for its intended use or

- 1.15 Borrowing costs (continued)**
- All other borrowing costs are recognised as an expense in the period in which they are incurred.
- When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used substantially all the activities necessary to prepare that part for its intended use or sale.
- overexpending of a vote or a main division within a vote; and
- unauthorised expenditure means:
- 1.17 Unauthorised expenditure
- Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.
- 1.16 Comparative figures
- All borrowing costs are recognise as an expense in the period in which they are incurred.
- 1.18 Fruiteless and wasteful expenditure
- Fruiteless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.
- All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance of the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expenditure, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expenditure, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.
- 1.19 Irregular expenditure
- Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.
- 1.20 Use of estimates
- The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement or areas where assumptions and accountniting policies. These areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and circumstances, they may undertake in the future, actual results ultimately may differ from those estimates.
- 1.21 Presentation of currency
- These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.
- 1.22 Conditional grants and receipts
- Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

<p>1.26 Commitments</p> <p>The municipality accounts for VAT on the payment basis.</p> <p>Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.</p> <p>Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that manager in their dealings with the municipality.</p> <p>Management responsible for planning, directing and controlling the activities of the municipality, are required to perform such functions.</p> <p>Only entities within the three spheres of government in the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.</p> <p>Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that manager in their dealings with the municipality, in instances where they include those charged with the governance of the municipality, in instances where they are not at arm's length or not in the ordinary course of business of business are disclosed.</p> <p>Capital commitments are not recognised in the statement of financial position as a liability, but are included in the items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.</p> <p>Capital commitments are not recognised in the statement of financial position as a liability, but are included in disclosure notes in the following cases:</p> <ul style="list-style-type: none"> - where disclosure is required by a specific standard of GAPP; - where the expenditure has been approved and the contract has been awarded at the reporting date; and - approved and contracted commitments;

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<p>Tshaba Chweu Local Municipality</p> <p>Annual Financial Statement for the year ended 30 June 2015 (Registration number MP321)</p> <p>Auditors General South Africa Municipalities Business Unit</p> <p>2015 - II - 30</p> <p>The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.</p> <p>The approved budget covers the fiscal period from 2014-07-01 to 2015-06-30.</p> <p>The annual financial statements and the budget are not on the same basis of accounting. The actual financial statement information is therefore presented on a comparable basis to the budget information. The comparison and the reconciliation between the Statement of Comparison of Budget and Actual Amounts, included in the Statement of Comparison of Budget and Actual Amounts.</p> <p>The municipal financial statements and the budget are not on the same basis of accounting. The actual financial statement information is therefore prepared on a comparable basis to the budget information. The comparison and the reconciliation between the Statement of Comparison of Budget and Actual Amounts, included in the Statement of Comparison of Budget and Actual Amounts.</p> <p>1.23 Budget Information</p>

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Tshaba Chweu Local Municipality (Registration number MP321)	2015 - II - 30	Notes to the Annual Financial Statements Multipurpose Business Unit Auditor General South Africa
Annual Financial Statements for the year ended 30 June 2015 (Registraion number MP321)		Amendments were made to define the equity method has been included. An investment in an associate under the equity method has been included. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively. Amendments were made to the scope and definitions. GRAP 9 (as revised 2012): Revenue from Exchange Transactions The impact of the amendment is not material. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively. Amendments were made to measurement after recognition. GRAP 12 (as revised 2012): Inventories The impact of the amendment is not material. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively. Amendments were made to the scope and definitions. GRAP 9 (as revised 2012): Revenue from Exchange Transactions The impact of the amendment is not material. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively. Amendments were made to measurement after recognition. GRAP 12 (as revised 2012): Inventories The impact of the amendment is not material. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively. Amendments were made to measurement after recognition. GRAP 13 (as revised 2012): Leases The impact of the amendment is not material. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively. Amendments were made to disclosures. GRAP 16 (as revised 2012): Investment Property The impact of the amendment is not material. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively. Amendments were made to definitions, measurement at recognition, disposals and disclosure. Changes were made to assets when exchange transaction lacks commercial substance. Furthermore the assessment of significant use of an investment ensures the consistent application of the principle where assets are acquired in exchange for non-monetary assets when assets were made to definitions, measurement at recognition, disposals and disclosure. Changes were made to properties that has been clarified.

The effective date of the amendment is for years beginning on or after 01 April 2013.

All amendments to be applied prospectively.

Amendments were made to definitions, measurement at recognition, disposals and disclosure. Changes were made to assets when exchange transaction lacks commercial substance. Furthermore the assessment of significant use of an investment ensures the consistent application of the principle where assets are acquired in exchange for non-monetary assets when assets were made to definitions, measurement at recognition, disposals and disclosure. Changes were made to properties that has been clarified.

GRAP 16 (as revised 2012): Investment Property

The impact of the amendment is not material.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The effective date of the amendment is for years beginning on or after 01 April 2013.

All amendments to be applied retrospectively.

Amendments were made to disclosures.

GRAP 13 (as revised 2012): Leases

The impact of the amendment is not material.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The effective date of the amendment is for years beginning on or after 01 April 2013.

All amendments to be applied retrospectively.

Amendments were made to measurement after recognition.

GRAP 12 (as revised 2012): Inventories

The impact of the amendment is not material.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The effective date of the amendment is for years beginning on or after 01 April 2013.

All amendments to be applied retrospectively.

Amendments were made to the scope and definitions.

GRAP 9 (as revised 2012): Revenue from Exchange Transactions

The impact of the amendment is not material.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The effective date of the amendment is for years beginning on or after 01 April 2013.

All amendments to be applied prospectively.

Amendments were made to define the equity method has been included.

An investment in an associate under the equity method has been included.
The municipality has adopted the amendment for the first time in the 2014 annual financial statements.
The effective date of the amendment is for years beginning on or after 01 April 2013.

GRAP 7 (as revised 2012): Investments in Associates

Annual Financial Statements for the year ended 30 June 2015

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If the municipality is not able to demonstrate how a website developed solely and primarily for providing information

the general requirements described in the Standard of GRAP on Intangible Assets for recognition and initial measurement of the general requirements can satisfy the requirements in paragraph 54, which in particular requires the municipality to be able to demonstrate how its website will generate probable future economic benefits or service potential.

The website arising from development will be recognised as an intangible asset if, in addition to complying with the general requirements described as an intangible asset if, and only if, the website that the municipality's own website that arises from development and is for internal or external access is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP on Intangible Assets.

IGRAP 16: Intangible Assets - Website Costs

The impact of the amendment is not material.

The municipality has adopted the interpretation for the first time in the 2014 annual financial statements.

The effective date of the interpretation is for years beginning on or after 01 April 2013.

All amendments to be applied prospectively.

(b) non-exchange revenue (GRAP 23).

(a) exchange revenue (GRAP 9); and

both;

This interpretation now addresses the manner in which the municipality applies the probability test on initial recognition of revenue

IGRAP 1 (as revised 2012): Applying the Probability Test on Initial Recognition of Revenue

The impact of the amendment is not material.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The effective date of the amendment is for years beginning on or after 01 April 2013.

All amendments to be applied retrospectively.

on Agriculture (IPSAS 27) and Intangible Assets (IPSAS 31) respectively.

These Standards of GRAP replace the previous Standard of GRAP on Agriculture (GRAP 10) and Standard of GRAP on Intangible Assets due to the International Public Sector Accounting Standards Board (IPSASB) that has issued an IPSAS

GRAP 27 and GRAP 31 (as revised 2012)

The impact of the amendment is not material.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The effective date of the amendment is for years beginning on or after 01 April 2013.

All amendments to be applied prospectively.

Amendments were made to measurement at recognition, disposals and disclosure. Changes were made to ensure the transaction lacks commercial substance. Furthermore the requirement to disclose property, plant and equipment that were temporarily idle has been clarified.

GRAP 17 (as revised 2012): Property, Plant and Equipment

The impact of the amendment is not material.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

Notes to the Annual Financial Statements

Audit for General South Africa
Mpumalanga Business Unit
(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2015

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Tshaba Chweu Local Municipality

<p>Tshaba Chweu Local Municipality</p> <p>2015 - 11 - 30</p>	<p>Annual Financial Statements for the year ended 30 June 2015 (Registration number MP321)</p> <p>Auditor General's Report with Audit Municipalities Unit</p>	<p>Notes to the Annual Financial Statements</p>
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about its own products and services will generate probable future economic benefits or service potential, all expenditure on developing such a website will be recognised as an expense when incurred.

A website that is recognised as an intangible asset under this interpretation will be measured after initial recognition by applying the requirements in the Standard of GRAP on Intangible Assets.

The effective date of the interpretation is for years beginning on or after 01 April 2013.

The municipality has adopted the interpretation for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

No

Specific disclosures are required when there is a transfer of functions between municipalities not under common control.

For transfer of functions between municipalities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

The difference between amounts of assets transferred and liabilities recognised should be recognised in surplus / deficit).

In the event of a transfer of functions between municipalities not under common control, the assets and liabilities should be reclassified (by the acquiree) at their acquisition date fair values and should be derecognised (by the acquiree) at their carrying amounts.

A transfer of functions between municipalities that are not ultimately controlled by the same entity before and after a transfer of functions,

The objective of this Standard of GRAP is to establish accounting principles for the acquirer in a transfer of functions between municipalities not under common control.

GRAP 106: Transfers of Functions Between Entities not Under Common Control

The impact of this standard is currently being assessed.

The municipality expects to adopt the standard for the first time once it becomes effective.

No effective date has yet been determined by the Minister of Finance.

Specific disclosures are required when there is a transfer of functions between municipalities under common control.

The difference between amounts of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / deficit).

In the event of a transfer of functions between municipalities under common control, the assets and liabilities should be recognise amounts.

A transfer of functions between municipalities under common control is a reorganisation and/or reallocation of functions between municipalities that are ultimately controlled by the same entity before and after a transfer of functions.

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities under common control.

GRAP 105: Transfers of Functions Between Entities Under Common Control

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

The municipality expects to adopt the standard for the first time once it becomes effective.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

- remuneration of management.

Notes to the Annual Financial Statements

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Thaba Chweu Local Municipality

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Auditor General South Africa
Mphumalanga Business Unit

Statutory receivables are initially measured at their transaction amount and subsequently using the cost method.

regulations.

Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard on Financial Instruments. Statutory receivables are not voluntarily entered into as with contractual receivables because they arise as a result of specific legislative regulations.

GRAP 108 only details those receivables that arise from legislation or an equivalent means, such as regulations, bylaws or other documents issued in terms of legislation, such as ministerial orders and cabinet or municipal council decisions. Therefore in order to be statutory in nature specific legislation should require the municipality to undertake the transactions, such as outlining who should be taxed and at what rates and amounts.

GRAP 108: Statutory Receivables

It is unlikely that the standard will have a material impact on the municipality's annual financial statements. The municipality expects to adopt the standard for the first time once it becomes effective.

by the Minister of Finance.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined. An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.

PP agreements that are governed and regulated in terms of the PFM and MFM, are some of the arrangements that fall within the scope of GRAP 32. For any other arrangements that meet the control criteria as set out in paragraph 07 of GRAP 32 the principles in the standard on accounting for such arrangements will apply.

The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The entity. The standard applies to the grantor only.

GRAP 32: Service Concession Arrangements: Grantor

The impact of this standard is currently being assessed.

The municipality expects to adopt the standard once it becomes effective.

No effective date has yet been determined by the Minister of Finance.

Specific disclosures are required when there is a merger.

(debt).

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus /

In the event of a merger, the assets and liabilities should be recognised (by the combining municipality) at their carrying amounts and should be derecognised (by the combining municipality) at the new combined municipality.

A merger is where a new combined municipality is started, no acquirer can be identified and the combining municipalities do not have any control over the municipality.

municipalities in a merger.

The objective of this Standard is to establish accounting principles for the combined municipality and combining

GRAP 107: Mergers

The impact of this amendment is currently being assessed.

The municipality expects to adopt the standard once it becomes effective.

Effective date has yet been determined by the Minister of Finance.

Notes to the Annual Financial Statements

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Annual Financial Statements for the year ended 30 June 2015

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Thaba Chweu Local Municipality

<p>All groups) have been deleted. The impact of the amendments is:</p>
<p>All accounting, presentation and disclosure requirements with regards to non-current assets held for sale (or disposal</p>
<p>GRAP 100 (revised 2013): Discontinued Operations</p>
<p>It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.</p>
<p>The municipality expects to adopt the amendment for the first time in the 2015 annual financial statements.</p>
<p>The effective date of the amendment is for years beginning on or after 01 April 2014.</p>
<p>All amendments to be applied prospectively.</p>
<p>Benchmark treatment is to recognise borrowing costs as an expense.</p>
<p>GRAP 5 (revised 2013): Borrowing Costs</p>
<p>It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.</p>
<p>The municipality expects to adopt the interpretation for the first time once it becomes effective.</p>
<p>The interpretation has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.</p>
<p>This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.</p>
<p>GRAP on Service Concession Arrangements.</p>
<p>Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concessions Arrangements; both the criteria as noted in paragraph 10 of this interpretation need to be met. In some service concessions, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concessions Arrangements.</p>
<p>The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.</p>
<p>A service concession asset is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time.</p>
<p>This interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only asset at the end of the arrangement, where the arrangement does not constitute a lease.</p>
<p>GRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset</p>
<p>It is unlikely that the standard will have a material impact on the municipality's annual financial statements.</p>
<p>The municipality expects to adopt the standard for the first time once it becomes effective.</p>
<p>The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.</p>
<ul style="list-style-type: none"> - amounts derecognised, - impairment losses; - interest or other charges that may have accrued on the receivable (where applicable);
<p>Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:</p>

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2015
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Municipal Audit Unit
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4. Property, Plant and Equipment

Reconciliation of investment property - 2014						
Openning balance	Transfers	Transfer to PPE	Fair value	Total	adjustments	Investment property
368,881,434	(26,232,000)	(58,830,054)	147,680,677	431,500,057	368,881,434	368,881,434

Reconciliation of investment property - 2014

Thaba Chweu Local Municipality

Notes to the Annual Financial Statements Auditor General South Africa

Annual Financial Statements for the Year ended 30 June 2015
Registration number M321

Reconciliation of property, plant and equipment - 2014						
Reconciliation of intangible assets - 2014						
2014	2015	Cost / Accumulated carrying value	Cost / Accumulated amortisation	Carrying value	Cost / Accumulated amortisation	2014
Cost / Accumulated carrying value	Cost / Accumulated amortisation	Carrying value	Cost / Accumulated amortisation	Carrying value	Cost / Accumulated carrying value	2015
Website development costs and anti-virus software	Website development costs and anti-virus software	11,051	304,430	(293,379)	123,078	Website development costs and anti-virus software
Anti-virus software	Anti-virus software	11,051	304,430	(293,379)	123,078	Anti-virus software
Reconciliation of intangible assets - 2015	Reconciliation of intangible assets - 2015	11,051	304,430	(293,379)	123,078	Reconciliation of intangible assets - 2015
6. Other financial assets	6. Other financial assets	11,051	304,430	(293,379)	123,078	6. Other financial assets
Designated at fair value	Designated at fair value	11,051	304,430	(293,379)	123,078	Designated at fair value
Long Term Deposits	Long Term Deposits	11,051	304,430	(293,379)	123,078	Long Term Deposits
Listed investments	Listed investments	11,051	304,430	(293,379)	123,078	Listed investments
The municipality's risk is that the current market value of shares at reporting date.	The municipality's risk is that the share price of listed investments might drop significantly during the period under review and result in a substantial loss of the investment. The share price risk is managed by only investing in reputable listed investments with a good track record.	11,051	304,430	(293,379)	123,078	11,051
Listed investments are disclosed at current market value of shares at reporting date.	Listed investments are disclosed at current market value of shares at reporting date.	11,051	304,430	(293,379)	123,078	11,051
4.596,051	-	-	-	-	-	4,596,051

Notes to the Annual Financial Statements		
Registration number MP321	Annual Financial Statements for the year ended 30 June 2015	Figures in Rand
Audit of General Business Unit	Audit of General Business Unit	2014
2015	2015	2014
Tshaba Chweu Local Municipality	2015 - II - 30	Tshaba Chweu Local Municipality

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2015
(Registrazione numero MI 321)

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Notes to the Annual Financial Statements		Mphumalanga Business Units		Figures in Rand	
Water	Current (0 - 30 days)	1,208,220	1,482,921	61 - 90 days	902,139
	Current (0 - 30 days)	2,476,877	2,352,047	61 - 60 days	1,173,362
	Current (0 - 30 days)	7,209,024	6,582,002	31 - 60 days	936,478
Electricity	Current (0 - 30 days)	2,774,279	2,165,611	61 - 90 days	917,639
	Current (0 - 30 days)	2,774,279	1,820,613	61 - 120 days	20,923,204
	Current (0 - 30 days)	37,704,124	31,228,964	31 - 150 days	24,259,082
Sewerage	Current (0 - 30 days)	1,031,837	919,901	61 - 120 days	19,096,971
	Current (0 - 30 days)	1,147,081	1,194,064	61 - 60 days	1,503,357
	Current (0 - 30 days)	1,147,081	1,194,064	31 - 60 days	394,658
Refuse	Current (0 - 30 days)	546,416	567,304	61 - 90 days	408,348
	Current (0 - 30 days)	546,416	567,304	61 - 120 days	453,026
	Current (0 - 30 days)	1,147,081	1,194,064	31 - 60 days	458,952
Current (0 - 30 days)	12,288,652	10,119,978	61 - 120 days	442,052	
Current (0 - 30 days)	9,614,163	12,468,703	61 - 90 days	434,342	
Current (0 - 30 days)	9,614,163	12,468,703	61 - 120 days	495,454	
Current (0 - 30 days)	9,705,399	9,761,453	61 - 90 days	400,078	
Current (0 - 30 days)	9,705,399	9,761,453	61 - 120 days	380,847	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 90 days	380,847	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 120 days	450,428	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 90 days	400,078	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 120 days	380,847	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 90 days	450,428	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 120 days	495,454	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 90 days	434,342	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 120 days	408,348	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 90 days	453,026	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 120 days	458,952	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 90 days	571,156	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 120 days	527,643	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 90 days	546,416	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 120 days	567,304	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 90 days	1,147,081	
Current (0 - 30 days)	121 - 150 days	> 150 days	61 - 120 days	1,194,064	
Business service levies	58,237,654	-	> 150 days	-	
Other (specify)	Current (0 - 30 days)	224,631	240,728	31 - 60 days	18,352
Other (specify)	Current (0 - 30 days)	224,631	240,728	31 - 90 days	8,585
Other (specify)	Current (0 - 30 days)	224,631	240,728	31 - 120 days	6,847
Other (specify)	Current (0 - 30 days)	224,631	240,728	31 - 150 days	213,556
Other (specify)	Current (0 - 30 days)	224,631	240,728	31 - 365 days	91,521
Other (specify)	Current (0 - 30 days)	224,631	240,728	> 150 days	(110,868)

Thaba Chweu Local Municipality
 (Registration number MP321)
 Annual Financial Statements for the year ended 30 June 2015
 Auditor General South Africa
 Mphumalanga Business Units
 Notes to the Annual Financial Statements

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2015
(Registration number MP321)

Thaba Chweu Local Municipality

Thaba Chweu Local Municipality

Figures in Rand

Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

12. Unspent conditional grants and recipients

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Conditions still to be met - remain in liabilities

Conditions like disabilities to extremes

Conditions still to be met - remain liabilities

Notes to the Annual Financial Statements						
Annual Financial Statements for the year ended 30 June 2015 (Registration number MP321)						
Tshaba Chweu Local Municipality						
Figures in Rand						
Additions during the Year	12,000,001	2,868,002				
Government Grants and Subsidies						
LG Setta Equitable shares	25,755	90,485,000	74,531,000	45,004,000	39,049,000	22,681,000
MG Grant National:						
MPWP, FMG, MSG Grant & MWIG	142,573,757	136,261,000				
Total Government Grant and Subsidies Received						
13. Provisions						
Reconciliation of provisions - 2015						
Provision for rehabilitation of landfill sites	4,044,475	6,395,657	-	404,448	4,448,923	5,841,180
Provision for leave	6,304,301	(1,395,657)	-	-	4,908,644	6,304,301
Long Service Awards	16,189,956	65,163	404,448	16,659,567		
Reconciliation of provisions - 2014						
Opening Balance	Movements for the year	Change in discount factor	Reduction due to re-measurement	Total		
Provision for rehabilitation of landfill sites	4,044,475	-	404,448	4,448,923	5,841,180	6,304,301
Provision for leave	6,304,301	(1,395,657)	-	4,908,644	6,304,301	5,841,180
Long Service Awards	16,189,956	65,163	404,448	16,659,567		
Reconciliation of provisions - 2014						
14. Payables from exchange transactions						
Trade payables	402,060,684	319,871,620	17,916,903	266,591	8,410,896	25,175,812
Other payables	428,388,483	345,314,023				
15. Consumer Deposits						
Electricity and Water	4,634,933	4,309,157				
Deposits generate no interest as per council resolution.						

Notes to the Annual Financial Statements		Auditor General's Report 2015 financial year		Moulded plastic products unit		Income from agency services		Revenue	
Fees in Rand		2014	2015 financial year	2015 financial year	2014	2015 financial year	2015 financial year	2014	2015 financial year
16. Revenue									
Service charges	159,655,189	158,071,420	2,208,802	26,049,886	26,491,672	16,183,049	28,648,993	16,183,049	Other income
Rental of facilities and equipment	2,660,946	2,660,946	2,208,802	26,049,886	26,491,672	16,183,049	28,648,993	16,183,049	Income from agency services
Service charges	159,655,189	158,071,420	2,208,802	26,049,886	26,491,672	16,183,049	28,648,993	16,183,049	Other income
Interest received - investment	102,028,601	34,080,703	-	260,384	-	28,648,993	16,183,049	28,648,993	Interest received - investment
Interest received - investment	217,016,014	203,215,327	-	260,384	-	28,648,993	16,183,049	28,648,993	Interest received - investment
The amount included in revenue arising from goods or services are as follows:									
as follows:	159,655,189	158,071,420	2,208,802	26,049,886	26,491,672	16,183,049	28,648,993	16,183,049	Income from agency services
The amount included in revenue arising from goods or services are as follows:									
as follows:	102,028,601	34,080,703	2,208,802	26,049,886	26,491,672	16,183,049	28,648,993	16,183,049	Other income
The amount included in revenue arising from non-exchange transactions is as follows:									
Taxation revenue	102,028,601	34,080,703	2,208,802	26,049,886	26,491,672	16,183,049	28,648,993	16,183,049	Other income
Property rates	142,573,756	133,602,558	2,208,802	26,049,886	26,491,672	16,183,049	28,648,993	16,183,049	Income from agency services
Government grants & subsidies	3,792,974	7,997,773	2,208,802	26,049,886	26,491,672	16,183,049	28,648,993	16,183,049	Other income
Fines	248,395,331	168,483,034	2,208,802	26,049,886	26,491,672	16,183,049	28,648,993	16,183,049	Income from agency services
Nature and type of services in-kind are as follows:									
The services received in kind from Ehlanzeni District Municipalility relates to financial support received for implementation of a clean audit strategy.									
Rates received	17,209,086	17,209,731	13,209,481	13,718,586	13,528,699	10,240,281	9,136,636	9,308,948	9,308,948
Residential	25,886,731	17,209,086	13,209,481	13,718,586	13,528,699	10,240,281	9,136,636	9,308,948	9,308,948
Commercial	State	39,113,600	1,528,699	1,528,699	1,528,699	1,528,699	1,528,699	1,528,699	1,528,699
Industrial	Institutional	(107,449)	11,109,617	11,117,472	11,117,472	11,117,472	11,117,472	11,117,472	11,117,472
Manufacturing	Undeveloped Land	(1,524,925)	(8,038,058)	(8,038,058)	(8,038,058)	(8,038,058)	(8,038,058)	(8,038,058)	(8,038,058)
Less: Income foreign									

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(Registralion number MP321)

Annual Financial Statement for the year ended 30 June 2015

Tshaba Chweu Local Municipality

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Thaba Chweu Local Municipality
 (Registration Number MP321)
 Annual Financial Statements for the year ended 30 June 2015
Notes to the Annual Financial Statements

		Figures in Rand	
		2015	2014
18. Service Charges			
Sale of electricity	107,732,450	109,478,396	
28,863,488	28,012,611	28,863,488	
10,898,612	9,679,414	10,898,612	
12,161,639	10,900,999	12,161,639	
Sale of water			
Refuse removal			
Sewerage and sanitation charges			
LG Seta Grant			
Eggarable share			
Operational grants			
Municipal Systems Improvement Grant			
Capital grants			
Municipal Infrastructure Grant			
DWAF Grant			
Total Amount Received			
20. Other income			
Bulding plan fees			
Bulk service contribution			
Fines; Meter Tampering			
SARS Refund			
Interest on Bank			
Connecction Fees			
Surdry income			
Interest on arrear accounts			
Intrest on arrear accounts			
1,118,400	124,010	1,118,400	
50,808	577,155	566,082	
2,106,236	-	2,106,236	
683,682	-	683,682	
851,544	-	851,544	
188,497	159,789	188,497	
13,982,644	8,690,866	13,982,644	
10,152,644	5,779,685	10,152,644	
28,648,993	16,183,049	28,648,993	

Audited	By
2015 - II - 30	
Auditor General South Africa	
Multipurpose Business Unit	

21. General Expenses	
Auditors fees	3,236,783
Bank charges	517,372
Cleaning	3,918,445
Bank charges	9,618,128
Access	4,419,318
Hire	1,909,241
Conferences and seminars	2,193
Leisure	64,073
Access	59,595
Indigent Write Off	111,133
Fuel and oil	3,625,147
Placement fees	1,739,789
Printing and courter	110,035
Protective clothing	497,881
18,112	1,088,859
83,166	81,655
Staff welfare	1,440
Subscriptions and membership fees	1,025,202
Travel and Accommodation	1,203,003
Electicity: Indigent Support	942,558
Water: Indigent Support	772,568
Refuse: Indigent Support	459,313
Unifroms	1,122,636
Debit orders	17,851
Stock losses	144,326
Licence fees	17,205
Debtors	3,070,475
5,532	1,641,256
1,163,045	1,541,310
404,448	(3,664)
17,005	17,005
515,493	515,493
14,366	14,366
33,015	839,519
Calibration costs	839,519
Integratation of Thaba Chweu	4,808,957
Free Basic Services	9,012,408
Other expenses	19,158,147
50,501,211	60,976,910

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Auditors General South Africa	Municipal Audit Services Unit
Annual Financial Statements for the year ended 30 June 2015	(Registration number MP321)
Thaba Chweu Local Municipality	2015 - II - 30

Tshaba Chweu Local Municipality		Notes to the Annual Financial Statements		Annual Financial Statements for the Year ended 30 June 2015 (Registration number MP321)		Figures in Rand	
2015 - II - 30		Auditor General South Africa		Liquidity position 2015		Liquidity position 2014	
Salaries	66,301,570	4,673,809	4,947,945	17,832,179	574,283	928,246	1,241,448
Bonuses	71,501,570	4,673,809	4,947,945	17,832,179	539,867	30,042	31,139
Medical aid - Company contributions	17,287,813	17,832,179	4,673,809	4,947,945	17,832,179	928,246	1,241,448
Salaries	66,301,570	4,673,809	4,947,945	17,832,179	574,283	928,246	1,241,448
UF	539,867	17,287,813	17,832,179	4,673,809	4,947,945	17,832,179	574,283
SDL							
Other payroll levies	417,377	(921,194)	417,377	4,179	17,968	4,179	10,048,428
Leave pay provision charge	417,377	(921,194)	417,377	10,048,428	8,606,489	21,070	21,070
Travel-time payments	4,179	10,048,428	4,179	10,048,428	8,606,489	21,070	21,070
Long-service awards	5,534,384	5,022,083	4,530,909	4,530,909	5,022,083	5,534,384	5,386,324
Car allowances	2,76,689	2,78,196	2,96,179	2,96,179	2,78,196	2,76,689	2,76,689
Household benefits and allowances	210,915	210,915	210,915	210,915	210,915	210,915	210,915
Other group life	7	7	7	7	7	7	7
Cellphone allowance	1,396,342	1,052,557	-	-	-	-	-
Annual Remuneration of Municipal Manager	117,617,658	109,417,840	840,066	96,670	15,820	100,001	175,000
Remuneration of Chief Finance Officer (Commened: 01/02/2015 - 30/06/2015)	301,042	187,500	187,500	175,000	53,125	44,521	595
Annual Remuneration of Director: Corporate Services	354,762	428,300	301,042	187,500	175,000	175,000	21,279
Annual Remuneration of Director: Technical Services	794,919	295,565	295,565	794,919	280,229	90,888	43,690
Annual Remuneration of Director: Community Services (Commened: 01/04/2015 - 30/06/2015)	831,743	1,146,040	831,743	1,146,040	307,431	165,061	165,061
Annual Remuneration of Director: Remuneration	2,279	2,279	2,279	2,279	43,690	90,888	90,888
Annual Remuneration of Director: Allowance	7,419	7,419	7,419	7,419	4,419	6,419	6,419
Annual Remuneration of Director: Traveling Allowance	1,146,040	1,146,040	1,146,040	1,146,040	307,431	165,061	165,061
Annual Remuneration of Director: Contribution to UIF, Medical and Pension Funds	861,620	845,825	861,620	845,825	187,113	112,282	118,785
Annual Remuneration of Director: Acting Allowance	6,419	6,419	6,419	6,419	16,541	112,282	118,785
Annual Remuneration of Director: Traveling Allowance	68,419	68,419	68,419	68,419	187,113	180,488	180,488
Annual Remuneration of Director: Contribution to UIF, Medical and Pension Funds	102,222	159,375	102,222	159,375	187,113	180,488	180,488
Annual Remuneration of Director: Remuneration	56	56	56	56	56	56	56

22. Employee Related Costs

Long-service leave awards

Notes to the Annual Financial Statements		
Thababu Chweu Local Municipality		
(Registration number MP321)		
Annual Financial Statements for the year ended 30 June 2015		
Figures in Rand	2015	2014
Traveling Allowance	56,349	33,674
Contributions to UIF, Medical and Pension Funds	13,727	13,324
Cellphone Allowance	3,064	6,964
Acting Allowance	-	175,000
232,515	331,184	
Post-retirement medical benefits		
The amounts recognised in the Statement of Financial Position were determined as follows:		
Present value of funded obligation	29,929,309	25,855,745
Liquidity in the Statement of Financial Position	29,929,309	25,855,745
Movements in the defined benefit obligation is as follows:		
Balance at beginning of the year	25,855,745	21,333,959
Benefit payments	(1,103,012)	(1,140,927)
Current service and interest cost	3,231,547	2,339,180
Balance at end of year	1,945,029	25,855,745
Statement of Financial Position obligations for Long service awards	29,929,309	25,855,745
The amounts recognised in the Statement of Financial Position were determined as follows:		
Post-retirement medical benefits		
Post-medical Aid Benefit		
Independent valuers, Due Passage Financial, Carried out statutory valuation on an annual basis		
The principal actuarial assumptions used were as follows:		
Discount rate per annum	8.98	8.56
General inflation rate	6.86	6.36
Health care inflation rate	8.36	8.06
Net discount rate	1	1
Average mortality rates used were as follows:		
Age 20 - 24	90	63
Age 25 - 29	16	12
Age 30 - 34	-	10
Age 35 - 39	10	12
Age 40 - 44	8	16
Age 45 - 49	6	10
Age 50 - 54	4	10
Age 55+	2	16
Long-service leave awards	185,411,177	165,105,305

23. Remuneration of Councillors				
Executive Mayor	662,878	516,439	538,074	497,191
Speaker	645,549	484,162	497,191	497,191
Chief Whip	484,162	484,162	497,191	497,191
MMC: Finance and Technical Services	484,162	484,162	497,191	497,191
MMC: Corporate Services and Human Settlement	484,162	484,162	497,191	497,191
MMC: Community Services and Public Safety	484,162	484,162	497,191	497,191
Debt Impairment	21,196,068	28,147,172	(37,027,461)	28,147,172
Investment Revenue	-	260,384	-	-
25. Investment Adjustments				
26. Fair Value Adjustments				
Investment Property (Fair Value Model)	147,470,477			
27. Depreciation and Amortisation				
Property, Plant and Equipment	86,017,544	89,241,447	112,027	87,410
Mitangible Assets	86,129,571	89,328,857		
28. Finance Costs				
Bank Interest Paid	342	35,900,852	23,681,158	35,901,194
Audit Fees	3,808,748	3,236,783	3,808,748	3,236,783
29. Auditors' Remuneration				
Venue hire Premises	2,660,946	2,207,491	1,311	2,660,946
30. Rental of Facilities and Equipment				
Premises	2,660,946	2,207,491	1,311	2,660,946

Notes to the Annual Financial Statements	
Annual Financial Statements for the year ended 30 June 2015	(Registration number MP321)
Auditor General South Africa	Mpumalanga Business Unit
2015	2014

31. Contracted Services				
Information Technology Services				
7,852,513	10,567,863	4,765,585	13,117,892	8,424,487
32,959,691	24,638,781	32,959,691	24,638,781	32,959,691
54,002,276	48,324,536			
32. Bulk purchases				
Electricity				
(Deficit) Surplus	25,694,727	(58,707,318)		
Adjustments for:				
Depreciation and amortisation				
Far value adjustments				
Impairment deficit				
Movements in provisions				
Other non-cash items				
Changes in working capital:				
Customer debitors				
Payables from exchange transactions				
Other receivables from non-exchange transactions				
VAT				
Unspent conditional grants and receipts				
Consumer deposits				
Already contracted for but not provided for				
Authorised expenditure				
34. Commitments				
12,000,000	2,868,002	33,549,288	27,962,720	4,485,315
50,034,603	30,830,722			
Operating leases - as lessor (expense)				
Minimum lease payments due				
Within one year	7,875,114	3,900,000	6,757,164	
in second to fifth year inclusive				
	5,747,132	14,632,278		

Notes to the Annual Financial Statements	
(Registration number MP321)	
Auditor: Gobrial South Africa	
Mpumalanga Business Unit	
Figures in Rand	
2015	2014

Mpumalanga Business Unit
Auditor General South Africa
2015 - II - 30
Audited
By

		Cashflow statement
-	-	Cash flow from operating activities
-	(445,994)	Increase in other income
-	-	Cash flow from investing activities
-	-	Increase in decrease in depreciation and amortisation
-	-	Increase in decrease in cash and cash equivalents
-	-	Increase in receivable from non-exchange
-	-	Increase in intangible assets
-	-	Increase in financial performance
-	-	Decrease in depreciation expense
-	56,213,575	Decrease in assets impairment
-	-	Decrease in intangible assets amortisation
-	37,797	Decrease in other income
-	(445,994)	Decrease in interest received - investment
-	851,543	Decrease in other income
-	(851,543)	Increase in other income
-	-	Cashflow statement

The correction of the error(s) results in adjustments as follows:

v

37. Prior Period Errors

Notes to the Annual Financial Statements		Annual Financial Statements for the year ended 30 June 2015		Registration number MP321	
Tshaba Chweu Local Municipality		Auditor General South Africa		Auditors General Business Unit	
2015		2014		2014	
2015	2014	2015	2014	2014	2014

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

38. Risk Management

Figures in Rand

Tshaba Chweu Local Municipality

Notes to the Annual Financial Statements

(Registration number MP321) Annual Financial Statements for the year ended 30 June 2015

Auditor General South Africa Mfumalanga Business Unit

2014 2015

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluation of credit risk relating to customers on an ongoing basis, if customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

This annual financial statements have been prepared on the basis of accounting policies applicable to a going concern, settlement of liabilities, contingencies and commitments will occur in the ordinary course of business.

The annual financial statements are based on funds available to finance future operations and that the realisation of assets and liabilities

39. Going concern

Tshaba Chweu Local Municipality		Notes to the Annual Financial Statements		Figures in Rand	
2015	2014	2015	2014	2015	2014
Municipal Audit General South Africa				(Registration number MP321)	Annual Financial Statements for the year ended 30 June 2015
2015 - 31-03					

Thaba Chweu Local Municipality	(Registration number MP321)	Annual Financial Statements for the Year ended 30 June 2015	Notes to the Annual Financial Statements	Figures in Rand
2015 - II - 30	2015	Auditor General South Africa	Municipal Business Unit	40. Unauthorized expenditure
				Add: Current Year
				43,403,811

Tshaba Chweu Local Municipality		Notes to the Annual Financial Statements		Auditor General's Audit Report		Annual Financial Statements for the year ended 30 June 2015 (Registration number MP321)		Figures in Rand	
2016	2015	2015	2014	2015	2014	11,631,999	11,522,701	14,658,542	10,109,298
41. Fruities and Wasteful Expenditure		Add: Open Balance		Add: Fruities & Wasteful Expenditure		11,631,999	11,522,701	14,658,542	10,109,298
		Open Balance		Open Balance		26,290,541	26,290,541	26,290,541	26,290,541
		42. Irregular Expenditure		42. Irregular Expenditure		11,631,999	11,631,999	11,631,999	11,631,999
		Fruities and Wasteful expenditure for the year relates to interest charged on overdue accounts due to financial constraints of the municipality.		Fruities and Wasteful expenditure for the year relates to interest charged on overdue accounts due to financial constraints of the municipality.					
		Add: Opening Balance		Add: Fruities & Wasteful Expenditure		11,631,999	11,631,999	11,631,999	11,631,999
		Opening Balance		Opening Balance		26,290,541	26,290,541	26,290,541	26,290,541
		43. Available Council Contingency Fund		43. Available Council Contingency Fund		11,631,999	11,631,999	11,631,999	11,631,999
		Add: Irregular expenditure - current year		Add: Irregular expenditure - current year		20,606,305	20,606,305	20,606,305	20,606,305
		Available Council Contingency Fund		Available Council Contingency Fund		171,178,575	171,178,575	171,178,575	171,178,575

Details of irregular expenditure - current year		Notes to the Annual Financial Statements		Figures in Rand	
Disciplinary steps taken/criminal proceedings	SCM Procedures not followed; referred to MPAC for investigation	Auditor General South Africa	Mpumalanga Business Unit	2015	2014
Ikotwe Plant Hire	SCM Procedures not followed; referred to MPAC for investigation	Lydenburg Toyota	Westval Mashiing	2,368	9,444
600SA Holdings (PTY) LTD	SCM Procedures not followed; referred to MPAC for investigation	Supa Quick Nelspruit	Get Three Security Services	13,365	176,000
JKOTWE	SCM Procedures not followed; referred to MPAC for investigation	Sbongiseni Security Services	Sbongiseni Security Services	121,200	180,000
JKOTWE	SCM Procedures not followed; referred to MPAC for investigation	Sbongiseni Security Services	Sbongiseni Security Services	54,720	54,720
JKOTWE	SCM Procedures not followed; referred to MPAC for investigation	Get Three Security Services	Get Three Security Services	176,000	176,000
JKOTWE	SCM Procedures not followed; referred to MPAC for investigation	Hlatini Maphangwa Maintenance & Plumbing	Hlatini Maphangwa Maintenance & Plumbing	27,620	27,620
JKOTWE	SCM Procedures not followed; referred to MPAC for investigation	Wash FM	Government Printing Works	29,600	2,000
JKOTWE	SCM Procedures not followed; referred to MPAC for investigation	Lydenburg Toyota	Lydenburg Toyota	11,807	38,874
JKOTWE	SCM Procedures not followed; referred to MPAC for investigation	Phalafala Yalla Trading and Projects	Phalafala Yalla Trading and Projects	67,260	27,851
JKOTWE	SCM Procedures not followed; referred to MPAC for investigation	Matheata Security Services	Matheata Security Services	9,000	2,659
JKOTWE	SCM Procedures not followed; referred to MPAC for investigation	Landsis & Gyr (PTY) LTD	Vicson CMS Conveyor Mining Supplies	173,833	2,887
JKOTWE	SCM Procedures not followed; referred to MPAC for investigation	Glassfit	Glassfit	15,945	184,602
JKOTWE	SCM Procedures not followed; referred to MPAC for investigation	Mandlakazi Electrical Technologies	Mandlakazi Electrical Technologies	300,000	22,928
JKOTWE	SCM Procedures not followed; referred to MPAC for investigation	Laterral Union Insurance Brokers	Laterral Union Insurance Brokers	23,014	23,014
JKOTWE	SCM Procedures not followed; referred to MPAC for investigation	Dawson & Dobson	Dawson & Dobson		

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2015
(entity registration number: 100-000-000)

Impalaanga Business Unit

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Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2015

2015-11-30

Notes to the Annual Financial Statements

Annual Financial Statement for the year ended 30 June 2015
(Registration number MP321)

Auditor General South Africa
Municipal Business Unit

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			2014	2015	Figures in Rand
Born to Protect	SCM Procedures not followed; referred to MPAC for investigation	885,697	230,040	Moribio Trading	SCM Procedures not followed; referred to MPAC for investigation
Born to Protect	SCM Procedures not followed; referred to MPAC for investigation	718,552	263,157	Eco Mare	SCM Procedures not followed; referred to MPAC for investigation
Born to Protect	SCM Procedures not followed; referred to MPAC for investigation	155,000	145,614	MMT Projects	SCM Procedures not followed; referred to MPAC for investigation
Vari Holdings	SCM Procedures not followed; referred to MPAC for investigation	417,763	319,312	Born to Protect	SCM Procedures not followed; referred to MPAC for investigation
Pridop Security	SCM Procedures not followed; referred to MPAC for investigation	319,133	77,800	Kgalemeleang Security	SCM Procedures not followed; referred to MPAC for investigation
Tausifgo	SCM Procedures not followed; referred to MPAC for investigation	120,400	150,751	CEs Security	SCM Procedures not followed; referred to MPAC for investigation
Born to Protect	SCM Procedures not followed; referred to MPAC for investigation	223,075	377,639	Pridop Security	SCM Procedures not followed; referred to MPAC for investigation
CEs Security	SCM Procedures not followed; referred to MPAC for investigation	121,155	212,155	CEs Security	SCM Procedures not followed; referred to MPAC for investigation
Tausifgo	SCM Procedures not followed; referred to MPAC for investigation	120,400	120,400	Tausifgo	SCM Procedures not followed; referred to MPAC for investigation
Overtime	Overtime Claims in excess of threshold; referred to MPAC for investigation	1,828,287	1,828,287	Overtime	Overtime Claims in excess of threshold; referred to MPAC for investigation
		20,606,305			

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2015

(Registration number MP321)

Auditor General South Africa

Mpumalanga Business Unit

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Vendor name	Reason for deviation	Amount
Ikotwe Plant Hire	Emergency	6,804
Supa Quick Nelspruit	Single Service Provider	15,236
Lydenburg Toyota	Single Service Provider	23,283
Wesfvalaal Mashishing	Single Service Provider	16,736
Union Motors	Single Service Provider	2,700
Get Theree Security Services	Emergency	176,000
Sibonogiseni Security Services	Emergency	54,720
Governement Printing Works	Single Service Provider	121,200
Lydenburg Toyota	Single Service Provider	180,000
Hlati Maphangga Maintenance & Plumbing	Emergency	54,720
Nare & Gonogo Businesses	Emergency	2,000
Not Cleaning Projects	Emergency	3,094
Mash FM	Single Service Provider	27,620
Governement Printing Works	Single Service Provider	29,600
Lydenburg Toyota	Single Service Provider	13,460
Viscon CMS Conveyor Mining Supplies	Emergency	31,750
Landis + Gyr (PTY) Ltd	Emergency	9,000
Mathta Security Services	Emergency	342,000
Dawson and Dobson	Emergency	26,138
Lybasol Motors	Emergency	360,000
Ian Dickie	Emergency	2,328
Huson Panelbeaters & Halliden Specialist	Single Service Provider	18,177
Postnet Lydenburg	Single Service Provider	24,336
Amahayena Holdings (PTY) Ltd	Emergency	15,960
Central Fluid Sealing & Hydraulic Supply	Emergency	8,133
Phalafla Yalla Trading & Projects	Emergency	91,500
Tekmodam Trading	Emergency	179,796
Siobongiseni Security Services	Emergency	64,195
Conway General Lydenburg	Single Service Provider	2,969
Conway General Lydenburg	Single Service Provider	3,690
Conway General Lydenburg	Single Service Provider	3,038
Conway General Lydenburg	Single Service Provider	1,891
Conway General Lydenburg	Single Service Provider	769
Conway General Lydenburg	Single Service Provider	6,794
Truvello	Single Service Provider	157,626
Truvelo-Obonale Construction	Emergency	181,701
Union Motors	Single Service Provider	38,000
Lwakthu Trading Enterprise	Emergency	8,554
Wesno Holdings (PTY) Ltd	Emergency	285,365
Lwakthu Trading Enterprise	Emergency	26,970
Southern Africa Faull Location	Emergency	32,195
Van Holdings	Emergency	476,250

43. Deviations from supply chain regulations

Notes to the Annual Financial Statements	MPUMALANGA BUSINESS LTD	Figures in Rand
(Registration number MP321)	Annual Financial Statements for the year ended 30 June 2015	2015 - 2014
Auditor General South Africa	WTFM - 11-3	
2015 - 11-3		

44. Budget differences

Material differences between budget and actual amounts

Notes to the Annual Financial Statements
Annual Financial Statements for the year ended 30 June 2015
Municipalities Business Unit
South Africa

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- 42.1 Service Charges: Customers did not fully honour their current accounts during the financial year hence the difference in income from Agency Services; Under budgeting during the adjustment budget period because of the status of collections at half year.
- 42.2 Income from Agency Services: Under budgeting during the adjustment budget period because of the status of collections at half year.
- 42.3 Other Income: Under budgeting during the financial year.
- 42.4 Property Rates: Implementation of the new Valuation Roll
- 42.5 Government grant and Subsidies: The difference is caused by the unspent conditional grant and the recognition of the unspent conditional grant of the previous financial year
- 42.6 Traffic Fines: Under budgeting during the financial year
- 42.7 Personnel: Employment of new employees and overtime payments
- 42.8 Depreciation:Restatement of PPE
- 42.9 Finance Costs:Interest Charged on overdue Eskom account
- 42.10 Debt Impairment:Assessment of recoverability of existing debt per account
- 42.11 Bulk Purchases: Slight under budgeting and exceeding of the notified maximum demand
- 42.12 General Expenses: Under budgeting during the beginning of the financial year even though the municipality did adjust the expenditure upwards during the mid year assessment

Figures in Rand
2015 2014

Registration number (MP321)	Annual Financial Statements for the year ended 30 June 2015
2015 - II-3	Auditors General South Africa
Tshaba Chweu Local Municipality	
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